

Date of Hearing: April 26, 2011

ASSEMBLY COMMITTEE ON VETERANS AFFAIRS

Paul J. Cook, Chair

AB 1084 (Davis) – As Introduced: February 18, 2011

REVISED TO CORRECT A TECHNICAL NUMERICAL ERROR IN COMMENTS

SUBJECT: Veterans' farm and home purchases: definitions: home.

SUMMARY: The bill would, in the context of the California Veteran Home Loan Program (CALVET), expand the definition of cooperative housing corporation to include a shared equity cooperative.

EXISTING LAW: Existing law provides for farm and home purchase benefits for qualifying veterans under the Veterans' Farm and Home Purchase Act of 1943, and subsequent acts, which are collectively referred to as CALVET. Existing law defines "cooperative housing corporation" for purposes of this program to mean a real estate development in which membership in the corporation, by stock, is coupled with the exclusive right to possess a portion of the real property.

FISCAL EFFECT: Unknown.

COMMENTS: The California Department of Veterans' Affairs (the "Department") administers CALVET pursuant to statutory authority. The stated objective of CALVET is to provide veterans with the opportunity to acquire farms and homes. When CALVET was created in 1943, California was a different place in terms of farming and homeownership, as well as the rural/urban boundaries. In 1943, there were approximately 8.5 million people living in California, according to the U.S. Census. In 2009, there were approximately 37 million residents. In 1940, Sacramento County had an estimated 170,333 residents. In 2009, Sacramento County was home to approximately 1,500,000 people. It is reasonable to conclude that, with changes like these, the housing needs of the population, including veterans, has also changed.

Co-op housing is a form of home ownership in which a corporation owns residential property, typically a condominium style property. Owners purchase a share in the corporation which gives them an exclusive right to occupy a particular unit owned by the corporation. A shared equity co-op is similar to a regular co-op except that a portion of the corporation is owned by a non-profit who "shares" the unit with the buyer/homeowner. Purchase of the shared equity units is limited to defined low-income buyers, seniors, families, veterans, etc. When the homeowner sells, a portion of the equity gain is shared with the non-profit partner and shared equity co-ops provide low income individuals and families the opportunity to become homeowners.

Existing law currently allows veterans to buy into a traditional co-op but not into a shared equity co-op. According to the sponsor, the California Association of Veteran Service Agencies that expanding CALVET to shared equity co-ops will provide a way for low income veterans and their families to become homeowners and expand the pool of safe, affordable low income housing.

Policy Question: Should the term "shared equity cooperative be defined in the bill or is it sufficiently a term of art that it needs no further definition?

Related Legislation: AB 1330 (Salas) Chapter 524, Stats. 2009 Authorized the Department to establish a pilot project for a cooperative housing project, in which the Department prescribes the rules, regulations, and conditions necessary to implement the pilot project. The bill requires that any cooperative housing project established pursuant to those provisions be restricted for use and occupancy by military veterans and their families for a period of at least 55 years.

REGISTERED SUPPORT / OPPOSITION:

Support

None on file.

Opposition

None on file.

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